

PROCUREMENT CONFERENCE  
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# **MILITARY EQUIPMENT VALUATION (MEV): Who Cares?**

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## THE PROBLEM

DoD cannot identify, track or account for billions of dollars of assets and cannot report the net costs of operations.

Response:

- Asset Visibility – UID
- Asset Valuation -- MEV

# MEV – What and Why

- What is Military Equipment Valuation?
  - A process to implement the 2003 federal accounting standard that military equipment (including modifications and upgrades) must be properly valued, capitalized, and depreciated
- Why is it important?
  - To provide reliable and accurate information to decision makers
  - To increase public confidence
  - It's the law – and policy!
    - Chief Financial Officers Act of 1990
    - Federal Financial Management Improvement Act of 1996
    - OMB Circular A-127
    - President's Management Agenda (2002)
    - Secretary of Defense Memorandum (July 19, 2001)

# MEV – How?

## New business rules

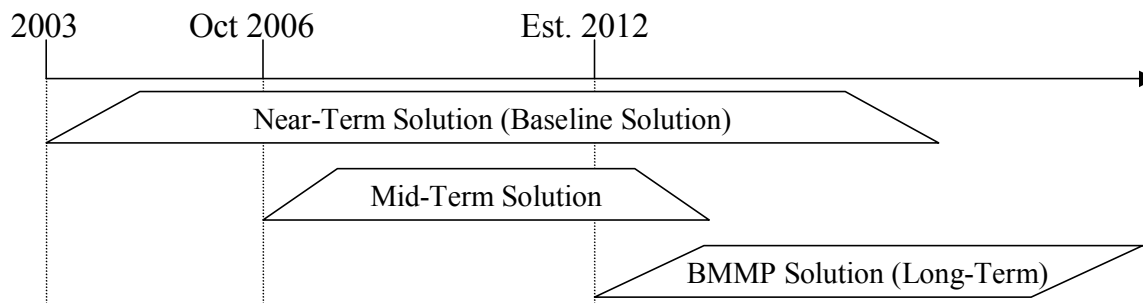
- Financial Management Regulation (what to value and how to value it)
- Federal Acquisition Regulation (what to do with property in the hands of contractors)

## Valuation of end items

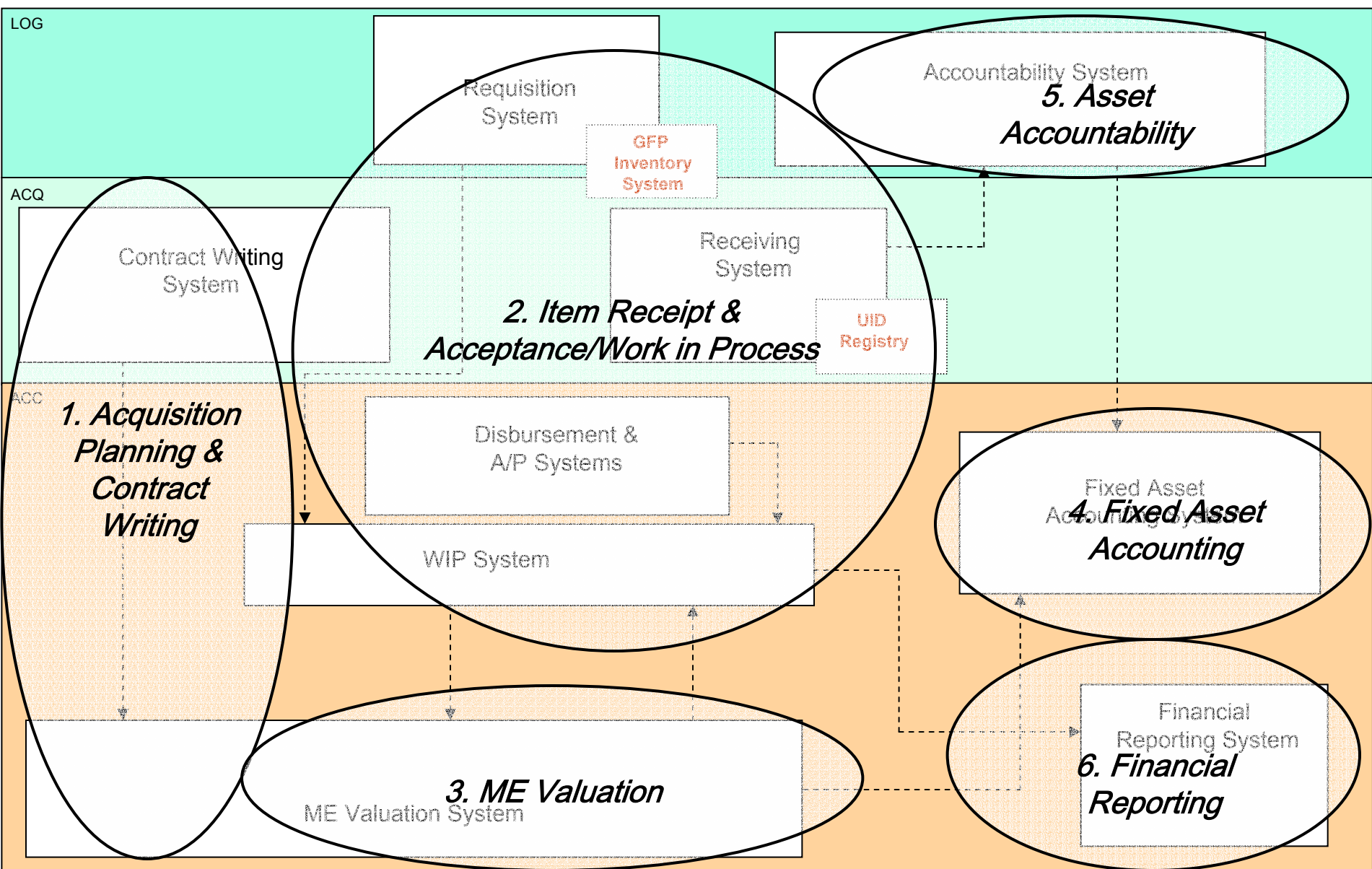
- Current: Bureau of Economic Analysis estimates
- Near Term: Baseline valuations using budget data

## Transaction-Based Approach

- Mid-Term: System of systems
- Long-Term: Business Management Modernization Program



# Process View



# What Does All This Mean To You?

- **PMs**

- Must include valuation template in acquisition strategy

- **Contracting Officers**

- Must identify which contracts contain capital assets
- Must write contracts with separate CLINs/SLINs for each asset type

- **Industry**

- Must identify embedded government furnished material with end-item on DD-250



## Contact Information

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